WINNIPEG SCHOOL DIVISION

Financial Statements of

THE WINNIPEG SCHOOL DIVISION MARGARET H. CRAWFORD FUND

And Independent Auditors' Report thereon

Year ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of The Winnipeg School Division

Opinion

We have audited the financial statements of The Winnipeg School Division Margaret H. Crawford Fund (the "Entity"), which comprise the statement of financial position as at end of December 31, 2020, the statement of revenue and expenditures and unappropriated surplus for the year then ended, the statement of appropriated surplus for the year then ended, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at end of December 31, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 20, 2021

THE WINNIPEG SCHOOL DIVISION
MARGARET H. CRAWFORD FUND
Statement of Financial Position

December 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Current assets:				
Cash	$	16,832	$	229,813
Interest receivable		759		760
		17,591		230,573
Investments (schedule):				
Bonds and debentures		52,925		49,573
Equity investments		605,120		356,865
		658,045		406,438
	$	675,636	$	637,011
Liabilities and Surplus				
Current liabilities:				
Accounts payable	$	1,931	$	1,158
Due to related party (note 2)		–		3,867
		1,931		5,025
Surplus:				
Contributed surplus		150,220		150,220
Appropriated surplus		523,485		481,766
		673,705		631,986
	$	675,636	$	637,011

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
MARGARET H. CRAWFORD FUND
Statement of Revenue and Expenditures and Unappropriated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Interest	$ 3,860	$ 7,285
Dividends	35,544	17,955
Realized gain on investments	15,912	7,314
Unrealized increase in fair value of investments	22,927	49,172
	78,243	81,726
Expenditures:		
General	3,611	4,892
Bursaries and books for vocational training	30,277	28,338
Investment management fees	2,636	–
	36,524	33,230
Excess of revenue over expenditures	41,719	48,496
Unappropriated surplus, beginning of year	–	1,281
	41,719	49,777
Transfer to appropriated surplus	(41,719)	(49,777)
Unappropriated surplus, end of year	$ –	$ –

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
MARGARET H. CRAWFORD FUND
Statement of Appropriated Surplus

Year ended December 31, 2020, with comparative information for 2019

		2020		2019
Appropriated surplus, beginning of year	$	481,766	$	431,989
Transfer from unappropriated surplus		41,719		49,777
Appropriated surplus, end of year	$	523,485	$	481,766

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
MARGARET H. CRAWFORD FUND
Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 41,719	$ 48,496
Items not affecting cash:		
Stock dividends on equity investments	(35,544)	(17,955)
Realized gain on investments	(15,912)	(7,314)
Unrealized gain on investments	(22,927)	(49,172)
Change in non-cash working capital:		
Accounts payable	773	175
	(31,891)	(25,770)
Financing activity:		
Change in due to related party	(3,867)	(712)
Investing activity:		
Proceeds on sale of investments	372,777	41,426
Purchase equity investment	(550,000)	–
	(177,223)	41,426
Increase (decrease) in cash	(212,981)	14,944
Cash, beginning of year	229,813	214,869
Cash, end of year	$ 16,832	$ 229,813

See accompanying notes to financial statements.

Fund description:

The Margaret H. Crawford Fund (the “Fund”) was established in 1954 for the furtherance of technical education in The Winnipeg School Division (the “Division”). The funds received from the Estate of Margaret H. Crawford to establish this Fund are recorded as contributed surplus. Income from investments of the Fund is disbursed in the form of student bursaries, vocational material and equipment purchases.

1. Significant accounting policies:

The financial statements of the Fund are prepared in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) in Part III of the CPA Handbook.

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Fund has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(b) Appropriated surplus:

The Fund's policy is to restrict payments in the year to 5 percent of the average market value of Fund assets for the prior two years. Gross revenue earned which is in excess of the payout restriction for following year, is transferred to appropriated surplus from unappropriated surplus. When a loss is incurred by the Fund, the gross loss plus the payout restriction for the following year, is transferred from the appropriated surplus to unappropriated surplus.

(c) Foreign currency translation:

The fair value of foreign currency denominated investments included in the statement of financial position are translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translation are included in excess of revenue over expenditures.

1. Significant accounting policies (continued):

Foreign currency denominated transactions are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(d) Income taxes:

The Fund is a not-for-profit organization under the *Income Tax Act* and accordingly is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. Related party transactions:

The Fund had a payable to The Winnipeg School Division Pension Fund for Employees Other Than Teachers of nil at December 31, 2020 (2019 - $3,867).

3. Financial instruments:

Despite the uncertainty as to the outcome and ultimate effects of the pandemic, the Fund has fully maintained its valuation governance processes relying on its investment manager, Leith Wheeler, in providing their best estimate of the impact that the COVID-19 pandemic has had on the valuations of its investments as of the date of these financial statements. The Fund is monitoring developments relating to COVID-19 and continuing to assess through the performance reporting by the Fund’s investment manager the ongoing impact on the Fund’s investments.

(a) Fair value:

The fair value of interest receivable, accounts payable and due to related party approximates their carrying value due to their short-term to maturity.

The fair value of investments is disclosed in the attached schedule.

3. Financial instruments (continued):

Due to the COVID-19 pandemic, financial markets experienced exceptional volatility in 2020. The Fund's exposure across all risk parameters including market, credit and liquidity remained within all risk limits set out in the Fund's Statement of Investment Policies and Procedures.

(b) Liquidity:

100 percent (2019 - 100 percent) of the Fund's investments are traded in public markets and are liquid. These include equity and fixed income securities.

(c) Credit risk:

The Fund's fixed income investments are primarily in Canadian-issued instruments and are diversified among federal, provincial, corporate and other issuers. There were no significant concentrations of credit risk in the portfolio in either 2020 or 2019.

(d) Interest rate risk:

Interest rate risk is the risk that the market value of the Fund's investments will fluctuate due to changes in market interest rates. To properly manage the Fund's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored. The Fund's investments in fixed income securities is sensitive to interest rate movements.

(e) Other price risk:

The Fund's investments in equities are sensitive to market fluctuations. To properly manage the Fund's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored. A decline of 10 percent in equity values will impact the Fund's equity investments by an approximate loss of $60,512 (2019 - $35,687).

THE WINNIPEG SCHOOL DIVISION
MARGARET H. CRAWFORD FUND
Schedule - Investments

December 31, 2020, with comparative information for 2019

			2020	2019
	Interest rate	Par value	Fair value	Fair value
Bonds and debentures:				
Corporate:				
Bell Canada Series EZ DEBS:				
September 24, 2027	7%	$ 40,000	$ 52,925	$ 49,573
Total bonds and debentures		$ 40,000	$ 52,925	$ 49,573

		2020	2019
	No. of units	Fair value	Fair value
Equity investments:			
Greystone Canadian Equity Fund		$ –	$ 356,865
Leith Wheeler Diversified Pooled Fund Series A	49.022	605,120	–
Total equity investments		$ 605,120	$ 356,865